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29 August 1961

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MEMORANDUM FOR: Director of Security 25X1A9a
FROM: Deputy Director of Security (Investigations
and Operational Support)
SUBJECT: INSPECTOR GENERAL'S REPORT,
DECEMBER, 1960
Recommendation No. 41 (a) and (b)

dyf to
29 Aug. 61
pph.

RECOMMENDATION NO. 41

(a) The DD/P and the DD/S direct a coordinated evaluation of the project, with particular emphasis on costs, potential, and substantive contribution to the Agency's mission.

(b) An emergency plan and cover story be prepared for the possibility that the operation might be blown.

REPLY

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1. Since the completion of the IG Report of [REDACTED] two 25X1A2d1 developments of major importance have taken place. One, the DCI and the COP, DD/P, fully briefed [REDACTED] concerning the project, and two, the technical laboratory referred to in the report became operative during March, 1961. In view of the fact that the referenced report alluded to certain of the minor operating procedures, these have now been resolved and were explained to Inspector [REDACTED] by Mr. [REDACTED] of this office on 21 August 1961. 25X1A9a

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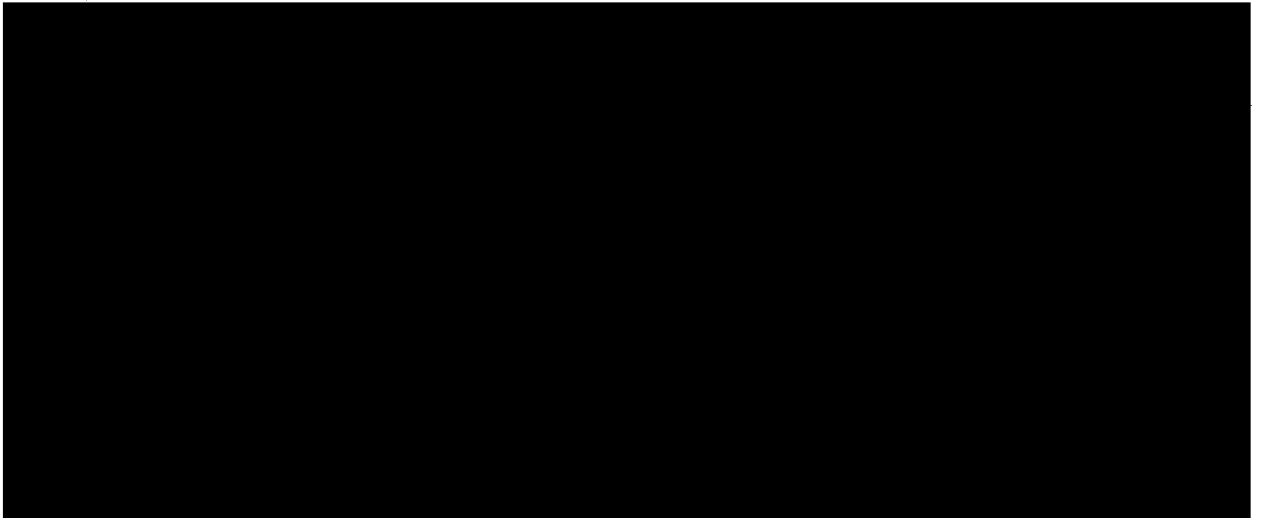
2. With regard to recommendation 41-a, it is the feeling of the CI Staff that this particular operation is one involving a developmental target of opportunity and that the demonstrated results and product of this target fully justify the expenditures and effort expended to date. It is not felt appropriate to change the funding procedures and establish this effort as a typical project endeavor because to do so would obviate the compartmentation that we feel necessary to maintain the security of this activity. There is a continuing review and analysis of the material

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obtained from this target and it is not felt necessary at this time to conduct a cost analysis. However, within approximately one year, after we have had an opportunity to obtain an experience factor with regard to the new technical laboratory, the initiation of an examination by the DD/P and DD/S of the potential and substantive contribution of this endeavor in comparison with the costs involved would appear to be appropriate. Based upon the excellent results to-date plus the developmental aspects of the technical laboratory, a cost analysis in comparison to the results is considered to be premature at this time.

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